SUPPORT MEASURES TO INCREASE HEALTHCARE COST TRANSPARENCY

THE COUNCIL
The Council of Insurance Agents & Brokers

THE ISSUE

Today, most Americans pay a fee for every service, drug, and test. There are no standard prices or price ranges, which suppliers consistently renegotiate without transparency and which leave healthcare consumers virtually in the dark about how prices are set. Prices are highest in the commercial insurance market where employer-sponsored health plans pay twice as much as Medicare and Medicaid for common tests and procedures, particularly in the areas of inpatient hospital care and prescription drugs.

Between 2018-2028, health spending is on track to top $50 trillion. If current trends persist, the typical family will spend more than half of their income on healthcare by 2030. Several trends drive costs throughout the system, including varying costs for the same treatment or service, wasteful – and therefore non-valuable – care, and a lack of transparency throughout the entire care delivery process.

OUR POSITION

1. **End surprise medical billing through the development of a local, market-based benchmark rate.** All health insurance plans would reimburse an out-of-network provider or facility a dollar amount based on median rates negotiated between insurers and providers from a particular geographic area. With a median benchmark rate in place, insurers may be less willing to contract with above-median rate facilities and providers, which could put some downward pressure on prices. It also generally dilutes the negotiating power of providers, which could reduce in-network rates overall.

   Any policy should prohibit balance billing, hold patients harmless, and require patient payment of only the in-network cost-sharing amount in emergency service and ancillary service contexts, or in cases of inadequate notice or consent by the patient.

1. **Facilitate business-to-business and business-to-consumer transparency.** The Council supports the spirit of policies like The Lower Health Care Cost Act, a bipartisan compromise, which includes Pharmacy Benefit Manager (PBM) reforms, surprise billing restrictions, and broker/consultant compensation disclosure requirements. In addition, The Council believes with greater access to data on pharmacy delivery system arrangements, plan sponsors could more accurately evaluate some cost-drivers of pharmacy benefits. Therefore, we support:
   - Regulatory action aimed at requiring basic information about pharmacy delivery system arrangements to be made public
   - The expansion of technologies like mobile and online tools to allow patients to inquire about drug pricing and the impact of their copayment, and allow PBMs or carriers to share information on pharmacy benefits
   - Shifting the focus of all stakeholders, such as manufacturers, PBMs, carriers and payers, from a fee-for-service model toward pay-for-value models that function based on health improvement and promotion. Value should take into account cost, efficacy and quality of life.

ABOUT US

The Council of Insurance Agents & Brokers is the premier association for the top regional, national and international commercial insurance and employee benefits brokerage firms worldwide. Council members are market leaders who annually place 85 percent of U.S. commercial property/casualty insurance, and millions in employee benefits premiums.

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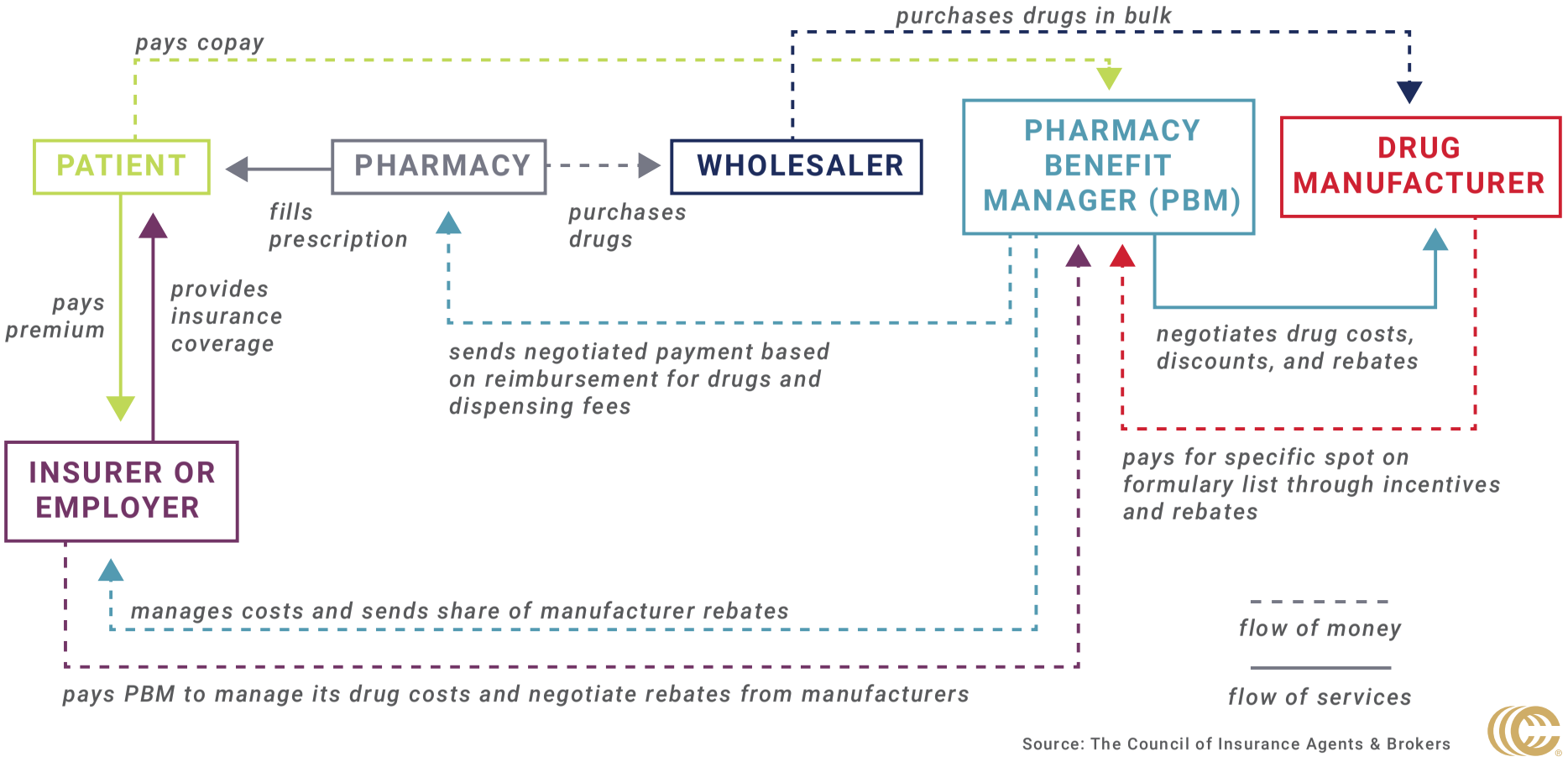
HOW THE PHARMACY SUPPLY CHAIN WORKS



Source: The Council of Insurance Agents & Brokers